

**Standard 5-4:** The student will demonstrate an understanding of the economic boom-and-bust in America in the 1920s and 1930s, its resultant political instability, and the subsequent worldwide response.

5.4.2 Summarize the stock market crash of 1929 and the Great Depression, including economic weakness, unemployment, failed banks and businesses, and migration from rural areas. (P, G, E, H)

**Taxonomy Level:** B 2 Understand /Conceptual Knowledge

**Previous/future knowledge:**

In 3<sup>rd</sup> grade, students learned of the effects of the Great Depression, including unemployment, widespread poverty, and migration from rural areas to the cities (3-5.4, 3-5.5) from a South Carolina perspective. The concepts of the stock market crash of 1929 and failed banks and businesses are new.

In the 7<sup>th</sup> grade, the worldwide depression that took place in the 1930s, including the economic crash of 1929 will be further developed (7-5.3).

In 8<sup>th</sup> grade, students will again learn about the Great Depression from a South Carolina perspective, including the Rural Electrification Act, the Civilian Conservation Corps, Works Progress Administration and Public Works Administration building projects, the Social Security Act, and the Santee Cooper electricity project (8-6.5).

In 11<sup>th</sup> grade United States History, students will explain the causes and effects of the stock market crash of 1929 and the Great Depression, including the disparity in incomes, limited government regulation, stock market speculation, and the collapse of the farm economy; wealth distribution, investment, and taxes; government policies and the Federal Reserve System; and the effects of the Depression on human beings and the environment (USHC 7.4). They will also compare the first and second New Deals as responses to the economic bust of the Great Depression, including the rights of women and minorities in the workplace and the successes, controversies, and failures of recovery and reform measures such as the labor movement (USHC-7.5).

**It is essential for students to know:**

**The stock market crash of 1929** marked the end of the economic boom of the 1920s and the start of the **Great Depression** of the 1930s. However, it is important for students to understand that the stock market crash was not the only factor that contributed to the depression. The stock market crash of 1929 exposed the **economic weaknesses** of the United States. Not everyone could buy the products that came from American factories because wages were low and farm prices were depressed. Although some American consumers had been able to continue to buy using credit, such borrowing could not be sustained. Factories suffered from overproduction and many industries began to lay off workers as the decade came to an end. When investors recognized this slowing of the economy, they suddenly began selling off their stocks. This sale was made worse because some investors had borrowed in order to buy stocks and could not pay off their loans as the value of stocks declined. The stock market crash resulted.

After the crash, **unemployment** continued to rise. Students should recognize the domino effect of laid off workers, decreasing wages, decreasing buying power, decreasing prices, etc. As consumers were unable or unwilling to buy, businesses failed. Failed businesses laid off more workers continuing the downward spiral. Unemployed borrowers were unable to pay off their bank loans. Loss of confidence in the banking system led many people to try to withdraw whatever savings they had. With limited income from loan payments, the banks could not pay their depositors. Such runs on the banks caused **bank failures**. People lost what little they had been able to save.

Many African Americans had begun to migrate in the early 1900s to combat the depressed farm economy and prejudice in the South. Additional Americans began to migrate from their farms to find jobs during the Depression. Unfortunately, most did not find the employment opportunities they sought. Homeless people began to build make-shift homes out of scrap lumber and empty boxes in parks and other public spaces. These shantytowns came to be called Hoovervilles, named after President Herbert Hoover. The Dust Bowl conditions of the Midwest led others, such as the Okies, to migrate to California where they sought jobs as migrant workers. Many unemployed young men and some young women took to the highways or rode the rails from town to town seeking work or a handout and became known as hoboes. Students should be able to describe the lives of many Americans during this time.

**It is not essential for students to know:**

This indicator does not require students to recall the date the stock market crashed or the term “Black Tuesday.” It does not require students to recall the number of Americans unemployed during this time. The terms “Hoover blankets,” and “Hoover flags”, while helpful in describing the effects of the Great Depression, are not required.

**Assessment guidelines:**

Appropriate assessments require students to **summarize** the events associated with the stock market crash of 1929 and the ensuing Great Depression. Students should be able to **explain** the major factors that contributed to the depression, including economic weakness, unemployment, failed banks and businesses. Appropriate assessments should also require students to **explain** the effects of each of these issues on the lives of people living during this period, particularly on those forced to migrate from their homes in search of work.